

February 22, 2012 – Public Hearing Testimony – Planning and Development Committee

Regarding Governor's H.B. 5035 – *AN ACT REDUCING MANDATES FOR MUNICIPALITIES* - Section 2 (a), “ including improvements that are partially completed or under construction ”

Regarding HB 5035, I am against the addition of the wording in Section 2, which states the following “ including improvements that are partially completed or under construction ”.

Last year, SB 505 was proposed by Senator John McKinney, with support from both sides of the aisle, with the likes of Senator Edith Prague and others. SB505 was in direct contrast to this HB 5035 wording. As an addendum, I have included my testimony from the public hearing on SB505 from 2011, so this committee can see what can and will transpire when construction is assessed prior to its completion.

It is important to note, that not all municipalities assess and tax partially completed construction, which cannot be utilized for occupancy. The majority of construction is completed within a year of the issuance of the building permit.

I am in support of the person who takes the initiative to build their own house, which may take more than one year to complete. Completed homes, which have occupants, enjoy the full benefit of the municipal taxes they pay. HB 5035 will allow an unfair tax on in progress residential construction, which does not burden a town in the same manner as an occupied residence. Case in point, if no one is allowed to live there, no school children will be allowed to attend school there.

The state and towns should encourage new construction, so that their grand lists can grow. This bill is an unfair tax and will add more reasons on avoiding our state as a place to live and conduct business. The overwhelming majority of non municipal taxpayers I speak with, all agree that taxing in progress partially completed construction is just plain wrong.

I urge you to prevent yet another tax increase on those who need to utilize their money to hasten the completion of their construction. The sooner the construction is complete, the sooner the towns can correctly assess what was truly built.

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March 2, 2011 – Public Hearing Testimony – Planning and Development Committee

S.B. 505 – An Act Concerning the Assessment of New Construction

Good Morning Madam Chair/ Mr. Chairman and all distinguished members of this committee. My name is Gene Kasica and I have been a resident of Columbia, CT for over 20 years.

Regarding Bill 505, I am in support of this bill and would like to thank Senator John McKinney for sponsoring this bill, as well as Senator Edith Prague and Representative John Shaban for their co-sponsorship.

I consider this bill a clarification rather than a change. The effective date of this clarification should be retroactive back to the 12-53a date of inception into law. At the very least, I would suggest a change to the effective date of this bill, to be as of the last property valuation date of October, 1 2006.

This bill will clarify and prevent the existing practice of assessing and then taxing new construction by some municipalities, who believe they have the right to do so under other generally worded statutes.

The following is my experience on my existing new residential construction project. In August of 2006, I applied and paid for a new residential home permit, acting as my own General Contractor and Builder, for my dream home in Columbia, CT. The project is still ongoing and nearing completion on the permitted construction, within the next two years.

The project is not yet complete, due to several reasons. The number one reason is that the majority of the work is from my own sweat equity, along with help from my family and friends. The new house is much larger than an average residential home, which also adds to the time line of completion. The cost savings of doing it

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yourself are substantial, as are the rewards of knowing what has gone into building your own home. Another reason is due to unexpected taxes, which in my case are very substantial. A great deal of time has been devoted to understanding and appealing the property tax levied on the partial construction.

Not experienced in the process for new construction property tax, I slowly began to understand the procedure which was being applied. The new construction and lot were assessed for property tax as if they were one hundred percent completed, prior to the roof even being framed, based on a number of assumptions. Then based on a derived percentage of completion, the house value was adjusted to match this percentage of the completed house value. At first I was stunned, then shocked about the process and value derived. A meeting with the assessor and later an appeal to the Board of Assessment appeals, with an independent appraiser, resulted in my appeal(s) to be denied without a clear reason.

I had major questions. How could they determine what my new house would be worth without seeing it completed and the materials used. What if their assumptions are incorrect, will I ever get the tax money paid returned or credited? Based on appeal time limitations of one year, the answer is no. Why did they classify it as a Luxury Home for maximum square footage value when it is clearly not. Why did they have an elevator listed at a real value for closet space reserved for an elevator? Why did they have so much space as finished, such as other floors, when the permit clearly states it is not permitted? Why did they increase the building lot value over 200 percent and add a 15 percent upward value adjustment for a valley and lake view 3 miles away, located in a different municipality. The building lot is a 2 mile drive to the nearest Columbia Town road and is accessed through another municipality.

My dismay and anguish forced me to seek costly legal counsel, which resulted in filing multiple court actions. The cost of legal representation through a trial was not affordable, so I now represent myself in these court actions. A number of individuals in this state, including myself, have been waging individual battles in

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the courts to stand up for their rights, once aware of the definition for the existing 12-53a statute.

In one court case, Peggy Evans v. Town of Guilford (CV06-40221995-S) , which was since vacated in Appellate Court after a stipulated settlement in favor of Peggy Evans, the Superior Court Judge clearly defined and supported the meaning of Statute 12-53a. I have included the Unpublished Memorandum of Decision for your review. The relevant part of this case states that the specific terms of 12-53a(a), governing new construction, prevail over the broad terms of 12-55.

Because an interim assessment under 12-53a(a) cannot commence until after new construction is completed, the assessor acted outside of his statutory mandate by performing an interim assessment when the property was 69 percent completed.

The municipalities will argue that they will lose critical tax revenue and provide ‘What If Never Completed’ situations. If the new construction were never to be built, the town would never realize the tax revenue to begin with. New construction does not burden a town prior to its completion. If a residential building is not occupied, there are no school children to enroll as an example.

In my case, the significant amount already paid in taxes, the time and cost of legal/court costs could have been utilized to hasten completion of the construction, which in turn would provide the municipal tax dollars much sooner.

Benjamin Barnes, secretary of the Office of Policy and Management, briefing reporters on 2/16/2011 stated “ We believe local property tax is the most onerous tax, and one of the most socially damaging tax of all the ones in the state”.

I urge this council to approve this bill and thank you for the opportunity in speaking here before you.

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